GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1364
ANSWERED ON:02.08.2005
TRADE DEFICIT
Chakrabortty Shri Swadesh;Dome Dr. Ram Chandra;Khan Shri Mohammad Tahir;Kushwaha Shri Narendra Kumar;Lahiri Shri Samik;Munshiram Shri ;Seth Shri Lakshman Chandra;Shahid Shri Mohammed;Shiwankar Shri Maha Deo Rao;Singh Shri Mohan

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details regarding India`s import/export from/to different countries during each of the last three years;

(b) whether there is a huge trade gap in this first quarter of the current financial year as reported in `Dainik Jagran` dated June 15,2005;

(c) if so, the details thereof alongwith the efforts made by the Government to minimise the trade gap;

(d) the extent to which the trade deficit is expected to be brought down or account of the aforesaid efforts;

(e) whether the import by almost all the sectors has increased during the said period; and

(f) if so, the details of the percentage increase in imports in various sectors alongwith reasons therefor and action taken thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a): India`s trade (export/ import) during the last three years with the major countries of the world is given below:

INDIA`S TRADE WITH MAJOR COUNTRIES (IN US $ BILLION)

EXPORTS

S.No.	Country	2002-03	2003-04	2004-05
1	U S A	10.90	11.49	13.27
2	UNITED ARAB EMIRATES	3.33	5.13	7.10
3	CHINA PEOPLES`REPUBLIC	1.98	2.96	4.59
4	SINGAPORE	1.42	2.12	3.80
5	HONG KONG	2.61	3.26	3.65
6	U K	2.50	3.02	3.54
7	GERMANY	2.11	2.54	2.64
8	BELGIUM	1.66	1.81	2.44
9	ITALY	1.36	1.73	2.16
10	JAPAN	1.86	1.71	1.98
11	FRANCE	1.07	1.28	1.61
12	BANGLADESH	1.18	1.74	1.59
13	NETHERLANDS	1.05	1.29	1.52
14	SAUDI ARABIA	0.94	1.12	1.37
15	SRI LANKA	0.92	1.32	1.35

IMPORTS

S.No.	Country	2002-03	2003-04	2004-05
1	CHINA PEOPLES` REPUBLIC	2.79	4.05	6.75
2	U S A	4.44	5.03	6.29
3	SWITZERLAND	2.33	3.31	5.82
4	UNITED ARAB EMIRATES	0.96	2.06	4.58

5	BELGIUM	3.71	3.98	4.57
6	GERMANY	2.40	2.92	3.87
7	AUSTRALIA	1.34	2.65	3.56
8	U K	2.78	3.23	3.43
9	KOREA RP	1.52	2.83	3.19
10	JAPAN	1.84	2.67	3.01
11	SINGAPORE	1.43	2.09	2.58
12	INDONESIA	1.38	2.12	2.51
13	MALAYSIA	1.47	2.05	2.22
14	SOUTH AFRICA	2.09	1.90	2.15
15	HONG KONG	0.97	1.49	1.71

Source: DGCI&S, Kolkata.

(b) to (d): Trade deficit amounted to US $11.46 billion during April-June, 2005-06 compared with US $ 5.96 billion during the corresponding period of previous year. There are no measures to restrict imports or artificially balance trade as this may lead to dampening of the growth of the economy or a resurgence of inflationary pressures. However, export promotion is a constant endeavor of the Government and a Foreign Trade Policy was announced on 31st August, 2004 with the objective of doubling India`s merchandise exports during the next five years.

(e)&(f): According to the latest available disaggregated data of imports for April, 2005-06, high growth was witnessed in the import of Iron & Steel(128%), Transport Equipment (126%), Pearls, Precious, Semi Precious Stones (116%), Organic Chemicals (105%), Artificial Resins, Plastic Materials etc. (99%), , Machinery except Electrical & Electronics (97%), Non-Ferrous Metals (56%), Inorganic Chemicals (53%) and Professional Instruments (52%). The main reasons for increase in imports in the previous year was surge in crude oil and gold prices as well as other commodity prices. Increase in imports is also a reflection of the growth in demand for inputs and capital goods required for the manufacturing sector which has registered a significant growth in recent months.